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IN THE CLAIMS

Claims 2-58 are as previously presented. Amend claim 1 to read as follows:

1. (Currently Amended) A method of drilling a directional or horizontal wellbore in a hydrocarbon formation, comprising the steps of:

providing a concentric coiled tubing drill string having an inner coiled tubing string, said inner coiled tubing string having an inside wall and an outside wall and situated within an outer coiled tubing string having an inside wall and an outside wall, said outside wall of said inner coiled tubing string and said inside wall of said outer coiled tubing string defining an annulus between the coiled tubing strings;

connecting a bottomhole assembly comprising a directional drilling means to said coiled tubing string drill string; and

delivering drilling medium through one of said annulus or inner coiled tubing string for operating said directional drilling means to form said directional or horizontal wellbore; and

~~removing exhaust drilling medium by extracting said exhaust drilling medium~~
through said other of said annulus or inner coiled tubing string.